

January 5, 2023

Chairman Jim O'Connor
Commissioner Anna Tovar
Commissioner Lea Marquez Peterson
Commissioner Kevin Thompson
Commissioner Nick Myers
1200 W. Washington St.
Phoenix AZ, 85008

Chairman O'Connor and Members of the Commission,

As leaders of Arizona economic development organizations, we have special insight into the importance of reliable infrastructure in attracting jobs to the state and ensuring Arizona maintains its place as one of the best jurisdictions in the country to do business. Access to safe and reliable natural gas infrastructure is essential to ensuring Arizona's economic competitiveness, which is why we write today to urge you to adopt the findings of the administrative law judge in Southwest Gas' rate case and reject the proposals from the Southwestern Energy Efficiency Project (SWEET) aimed at restricting energy options for existing and prospective Arizona businesses

In recent years, Arizona has emerged as an economic development powerhouse. In 2022, the state was ranked #3 for economic outlook, up 10 spots in just 1 year.¹ Our economic development achievements over the last decade have transformed Arizona from a state driven by growth and consumption to an economy based on innovation driven jobs and advanced manufacturing.

Despite our recent successes, we cannot take our current favorable positioning for granted – there's a pitched battle for jobs among states across the country. Maintaining our momentum will be dependent on the continuation of prudent pro-growth policies at the local, state and federal levels of government. For that reason, we are compelled to speak with a unified voice against SWEET's Infrastructure Investment Plan (IIP) and Construction Allowance proposals that will create uncertainty and increase costs for businesses in Arizona and make our state less competitive when competing nationally for new job creators.

Adopting these California-style anti-natural gas policies will significantly harm Arizona's ability to attract employers and foster good paying jobs in our state. Industries important to our present and future economy, such as job creators involved in leisure and hospitality, agribusiness, restaurants, aerospace and defense, the electric vehicles supply chain and semiconductor production all rely on natural gas to fuel their operations.

SWEET's IIP proposal, which calls for all pipeline investments over \$2 million to be weighed against "non-pipeline alternatives," including mandated building electrification, would create red tape and uncertainty for businesses simply trying to obtain or maintain the natural gas infrastructure they need to create products and continue to employ Arizonans. SWEET's Allowable Investment proposal would place an additional capital burden on new businesses looking to relocate to or within Arizona by taking away the ability for a company to finance their natural gas infrastructure as they are able to do for electric or water service. If adopted, Arizona

¹ <https://azbigmedia.com/business/heres-the-arizona-economic-development-forecast-for-2023/>

would become only the second state in the country behind California to embrace this anti-growth policy, significantly impacting our economic competitiveness nationally. The effect of SWEEP's Allowable Investment proposal would be most pronounced in suburban and rural communities where we are currently seeing the greatest growth, as pipeline infrastructure is not as developed in those areas.

Arizona's brightest days are ahead, and natural gas promises to play an important role in our future and our ability to grow and thrive. We respectfully urge you to adopt the findings of the administrative law judge and reject the proposals from those parties who would make natural gas less affordable and less available.

Sincerely,



Chris Camacho
President & CEO
Greater Phoenix Economic Council



Daniel Seiden
President/CEO
Arizona Chamber of Commerce and Industry



Tony Smith
President
Pinal Partnership



Joe Snell
President and CEO
Sun Corridor Inc.



John Lewis
President and CEO
East Valley Partnership



Julie Engel
President/CEO
Greater Yuma Economic Development Corporation